

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 130995

LIMDIS

FOLLOWING REPEAT STATE 130995 ACTION KINSHASA 05 JUN

QUOTE

C O N F I D E N T I A L STATE 130995

LIMDIS

E.O. 11652: GDS

EFIN, CG, (BELGIUM)

TAGS: FIN, CG, BELGIUM)

SUBJECT: ZAIRE'S FINANCIAL SITUATION: HENRION AND
TEMPELSMAN MEETINGS WITH MOBUTU

PLEASE PASS TO EXIMBANK, TREASURY, OMB AND AID.

1. BELGIAN EMBASSY MINISTER CAHEN REPORTS THAT
ROBERT HENRION, HEAD OF SOCIETE GENERALE DE BANQUE
(BELGIUM'S LARGEST BANK AND THE FINANCIAL ARM OF
SOCIETE GENERALE) VISITED KIN HASA "FOR A FEW HOURS"
LAST WEEK TO DISCUSS ZAIRE'S FINANCIAL SITUATION WITH
PRESIDENT MOBUTU AT MOBUTU'S REQUEST. CAHEN SAYS
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HENRION, A PAST MINISTER OF FINANCE AND ECONOMICS

PROFESSOR, "GETS ON WELL WITH MOBUTU".

2. IN THEIR CONVERSATION, MOBUTU REPORTEDLY DISCUSSED ZAIRE'S FINANCIAL PROBLEM AT LENGTH, DESCRIBING THE NEGATIVE RESULTS OF HIS EFFORTS TO RAISE ADDITIONAL BALANCE OF PAYMENTS ASSISTANCE AND EXPRESSING HIS RELUCTANCE TO TURN TO THE IMF. GOING TO THE IMF, HE SAID, WOULD BE "HUMILIATING", WOULD DESTROY ZAIRE'S CREDIT ABROAD, AND, WITH WATCHDOGS PLACED IN THE CENTRAL BANK, WOULD INFRINGE UPON ZAIRE'S SOVEREIGNTY. HENRION

ARGUED IN REPLY THAT AN IMF SOLUTION COULD HARDLY BE CONSIDERED HUMILIATING VIEW NUMBER OF COUNTRIES THAT TURN TO FUND FOR A STANDBY; THAT IT WOULD GAIN RATHER THAN DESTROY CREDITOR CONFIDENCE AND COOPERATION (THAT INDEED ONLY THE IMF WOULD BE IN A POSITION TO ORGANIZE A COMPREHENSIVE SOLUTION TO ZAIRE'S FINANCIAL PROBLEM); AND THAT IT SHOULD BE POSSIBLE TO NEGOTIATE A STABILIZATION PROGRAM THAT WOULD NOT ENTAIL AN UNACCEPTIBLE INFRINGEMENT OF SOVEREIGNTY.

3. HENRION DESCRIBED MOBUTU AS RATHER PARANOID ABOUT THE IMF: HE FEELS THEY DON'T LIKE HIM THERE AND THAT SOME ELEMENTS (SPECIFICALLY, THOSE WHO WERE CLOSE TO FORMER FINANCE MINISTER ALBERT NDELE) AND CHORTLING AT HIS PRESENT PLIGHT AND ARE OUT TO GET HIM. HENRION IS CONVINCED THAT THE IMF WILL HAVE TO EXERCISE SPECIAL CARE AND TACT IF MOBUTU IS TO BE ENTICED INTO A STABILIZATION PROGRAM. ACCORDING TO CAHEN, BELGIUM'S EXECUTIVE DIRECTOR ON THE FUND, DE GROTE, WILL BRIEF DINI AND MLADEK ON HENRION'S MEETING AND HIS CONCLUSIONS WHEN DE GROTE RETURNS TO WASH. FROMBRUSSELS LATER THIS WEEK.

4. WE HAVE DISCUSSED QUESTION OF MOBUTU'S PRIDE, AND HIS FEAR OF HUMILIATION IN GOING TO IMF, WITH TEMPELSMAN, WHO ARRIVES KINSHASA JUNE 5 TO BRIEF MOBUTU ON SMTF PROJECT AND WILL AGAIN TRY HIS HAND AT CONVINCING HIM OF NECESSITY OF REPAIRING ZAIRE'S DILAPIDATED FINANCIAL HOUSE, IDEALLY WITH IMF AS PRIME CONTRACTOR. TEMPELSMAN
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HAS LEARNED INDEPENDENTLY OF CONTACT REPORTED HINTON-STRAND LETTER OF MAY 28 AND REPORTS THAT REQUEST WAS MADE IN THAT CONTEXT FOR LIST OF COUNTRIES WHICH HAVE RECENTLY GONE TO IMF FOR A STANDBY. IN CASE THIS INFO HAS NOT ALREADY BEEN MADE AVAILABLE, PARA 5 BELOW GIVES LIST OF COUNTRIES WHICH HAVE HAD A STANDBY SINCE 1970; DATES INDICATE OPENING AND CLOSING OF MOST RECENT SUCH TRANSACTION FOR EACH COUNTRY ON LIST. TEMPELSMAN

IS CONSIDERING USING LIST WITH MOBUTU AND WILL CONSULT
WITH AMBASSADOR ON THIS AND OTHER TACTICS.

5. BANGLADESH 74-; BOLIVIA 73-74; BRAZIL 72-73;
BURMA 74-; BURUNDI 70-71; CHILE 74-75; COLUMBIA 73-74;
ECUADOR 72-73; EL SALVADOR 72-73; FIJI 74-; FRANCE
69-70; GHANA 69-70; GUATEMALA 72-73; GUYANA 74-;
HAITI 74-; HONDURAS 72-73; INDONESIA 73-; ISRAEL 75-;
ITALY 74-; JAMAICA 73-74; KOREA 74; LIBERIA 74-;
MALI 71-72; MOROCCO 71-72; NICARAGUA 72-73;
PAKISTAN 74-; PANAMA 74-; PERU 70-71; PHILIPPINES 74-;
RWANDA 69-70; SIERRA LEONE 69-70; SOMALIA 70-71;

SRI LANKA 74-; SUDAN 74-; TUNISIA 70; TURKEY 70-71;
UGANDA 71-72; UNITED KINGDOM 69-70; URUGUAY 72-73;
YUGOSLAVIA 71-72; ZAMBIA 73-74.

6. WE HAVE BRIEFED CAHEN IN GENERAL TERMS ON AMBASSADOR'S
CONSULTATIONS HERE CONCERNING FINANCIAL SITUATION AND
ON TEMPELSMAN VISIT. KISSINGER UNQUOTE

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